The Commonwealth of Massachusetts
Department of Revenue
Audit Division
200 Arlington St., Room 4300
Chelsea, MA 02150

CHRISTOPHER C. HARDING
COMMISSIONER

WILLIAM R. GRAHAM, JR.
DEPUTY COMMISSIONER

October 12, 2018

Bulk Special Fuels License Requirements

Dear Taxpayer,

Any business in the Commonwealth that is maintaining fuel storage, and is engaged in the purchase, sale, use, storage or transportation of bulk **special** fuels, is required to be licensed for special fuels excise. These fuels include diesel and all liquefied gases, such as propane, and liquefied natural gas (LNG). All combustible gas and liquids, other than gasoline, which propel registered motor vehicles, are special fuels. Only licensed suppliers and user-sellers maintain storage facilities of special fuels. Only licensed suppliers are allowed to make bulk sales of special fuels. Suppliers acquire special fuels on a tax-free basis and collect the tax from user-sellers and users. User-sellers are required to pay the excise on all special fuels acquisitions.

Why am I getting this letter?

Massachusetts law requires a license to operate such a business. These licenses are issued by the Department and are renewable annually. The annual fee is $25.00. M.G.L. c. 64E.

Failure to obtain or renew a proper license may subject you to penalties under M.G.L. c. 62C, § 76 and M.G.L. c. 64E, § 15.

How do I determine what type of license I need?

Supplier License: If you primarily distribute special fuels in bulk, or use fuel in a nontaxable manner, you should apply for a license as a Supplier. Bulk sale customers must be charged the special fuels excise tax unless they are also licensed as a Supplier. All licensed user-sellers or unlicensed customers must pay the excise tax at the time of the bulk purchase. A Supplier **must** purchase fuel in bulk without paying the tax at the time of purchase. All direct fueling is subject to tax upon sale and should be reported on Sch. C of the SFT-3B. Suppliers are required to file a monthly return (Form SFT-3-B) to provide details of any sales and to report and collect the excise.

User-seller License: Any person who dispenses special fuels from bulk storage into motor vehicles is required to be licensed as a User-seller unless they otherwise qualify to be licensed as a Supplier. A User-seller is required to pay the excise **to your vendor** at the time of purchasing the fuel. User-sellers file a monthly **(informational**) return (Form SFT-4) detailing all **tax paid** fuel activity. User-sellers generally may not resell in bulk.

Refer to the following links for more information; http://www.mass.gov/dor/businesses/current-tax-info/guide-to-employer-tax-obligations/business-income-taxes/fuels-excise/motor-fuel-excise.html

http://www.mass.gov/dor/businesses/help-and-resources/legal-library/administrative-procedures/ap-111-special-fuels-gl-c-64e.html

How do I apply for a license?

Log into your MassTaxConnect account located at mass.gov/MassTaxConnect.

Click on the "Add Account Type/New Location" link located under the "I Want To" section. You will be prompted to select the license type "Supplier" or "User-Seller".

Please have your checking/savings account information available, as you will be prompted to pay the license fee via that method. In most instances, only the Master Administrator can apply for and/or renew a special fuels excise license.

How do I renew my current license?

Log into your MassTaxConnect account located at mass.gov/MassTaxConnect.

Click on the Special Fuels License account and select the option to renew. You will be prompted to select the license type "Supplier" or "User-Seller".

Please have your checking/savings account information available, as you will be prompted to pay the license fee via that method. In most instances, only the Master Administrator can apply for and/or renew a special fuels excise license.

Note: In order to apply for or renew your license, you must have filed all returns that are due for all tax types you are registered for, including sales tax, and you must not have a tax liability of more than $500. If an outstanding tax liability is preventing you from obtaining your license, please contact customer service at 617-887-6367 about setting up a payment plan.

What if I have questions about this letter?

If you have any questions about this letter or need assistance with applying for or renewing your license, on MassTaxConnect, please contact the Miscellaneous Excise Fuels hotline at (617) 887-5040. If you need to verify licensing status, please refer to Mass.gov for licensing listing. (https://www.mass.gov/lists/dor-fuel-excise-forms-licensee-lists-and-rate-table)

Sincerely,

Evan J Garcia

Evan J. Garcia, Director
Massachusetts Department of Revenue
Miscellaneous Excise Unit
Audit Division